

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name DeWitt Charter Township	County Clinton
Fiscal Year End 12/31/06	Opinion Date 5/11/07	Date Audit Report Submitted to State 5/30/07	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

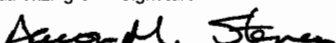
YES ☒

Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☒ ☐ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☐ ☒ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>		
Other (Describe)	<input checked="" type="checkbox"/>	N/A	
Certified Public Accountant (Firm Name) Abraham & Gaffney, P.C.		Telephone Number (517) 351-6836	
Street Address 3511 Coolidge Rd., Suite 100		City East Lansing	State MI
Zip 48823			
Authorizing CPA Signature 	Printed Name Aaron M. Stevens	License Number 1101024055	

**DeWitt Charter Township
Clinton County, Michigan**

FINANCIAL STATEMENTS

December 31, 2006

DeWitt Charter Township
Clinton County, Michigan

December 31, 2006

BOARD OF TRUSTEES AND ADMINISTRATION

Rick Galardi	Supervisor
Diane Mosier	Clerk
Phyllis Daggy	Treasurer
Max Calder	Trustee
Brian Ross	Trustee
Stephen Musselman	Trustee
David Seeger	Trustee
Jeffrey Gray	Interim Manager

DeWitt Charter Township

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Principals

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Michael T. Gaffney, CPA
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INDEPENDENT AUDITOR'S REPORT

Members of the Township Board
DeWitt Charter Township
DeWitt, Michigan

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of DeWitt Charter Township, Michigan as of and for the year ended December 31, 2006, which collectively comprise the Township's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of DeWitt Charter Township, Michigan as of December 31, 2006, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information, as identified in the Table of Contents, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was made for the purpose of forming opinions on the financial statements that collectively comprise DeWitt Charter Township's basic financial statements. The combining fund financial statements listed in the Table of Contents under other supplementary financial information are presented for purposes of additional analysis and are not a required part of the financial statements of DeWitt Charter Township, Michigan. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Abraham & Gaffney, P.C.

ABRAHAM & GAFFNEY, P.C.
Certified Public Accountants

May 11, 2007

DeWitt Charter Township

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2006

Financial Reporting

In 2004, DeWitt Charter Township, Michigan (the "Township") revised and improved its financial reporting document. These changes were a result of standards set by the Governmental Accounting Standards Board (GASB). The intent of those standards was to provide citizens, taxpayers, customers, and investors with a better understanding of how the Township's money and other assets are managed.

The discussion and analysis of the Township's financial performance provides an overview of the Township's financial activities for the fiscal year ended December 31, 2006. Please read it in conjunction with the Township's financial statements.

Financial Highlights

As discussed in further detail in this analysis, the following represents the most significant financial issues for the year ended December 31, 2006:

- State shared revenue, our second largest revenue source in the General Fund, decreased by 2% in 2006. This major source of revenue continues to be unstable as the State of Michigan deals with changes in revenue collections and the formula used to disburse this money back to the municipalities. The Township is currently receiving \$231,090 less from state shared revenue than was received in 2001.
- Property tax revenues increased \$168,381 from the prior year. This 7.5% increase is slightly less than the 2005 increase in property tax revenues. The increase is the result of new development and an increase in the value of existing properties in the Township, not as a result of property tax rate increases.
- The Township continues the practice of funding reserves for nonoperating expenditures. These include setting aside money from 425 Agreements, funding for future fire apparatus, replacement of out-dated technology, road improvements, wastewater treatment plant digester project and other general sewer system improvements.
- The Township increased net assets in 2006 by \$1,629,003.

Using this Annual Report

This discussion and analysis are intended to serve as an introduction to DeWitt Charter Township's basic financial statements. The Township's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information, in addition to the basic financial statements themselves.

Government-wide Financial Statements. The statement of net assets and the statement of activities provide information about the activities of DeWitt Charter Township as a whole and present a longer-term view of the Township's finances. This longer-term view uses the accrual basis of accounting so that it can measure the cost of providing services during the current year, and whether the taxpayers have funded the full cost of providing government services.

Both of the government-wide financial statements distinguish functions of the Township that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities).

Fund Financial Statements. The fund financial statements present a short-term view; they tell us how the taxpayers' resources were spent during the year, as well as how much is available for future spending. Fund financial statements also report the operations of DeWitt Charter Township in more detail than the government-wide financial statements by providing information about the Township's most significant funds. The fiduciary fund statements provide financial information about activities for which DeWitt Charter Township acts solely as a trustee or agent for the benefit of those outside the government.

DeWitt Charter Township

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2006

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

DeWitt Charter Township maintains seven (7) individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, which is considered to be a major fund. Data for the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements in the Other Supplementary Information section of this report.

The Township adopts an annual appropriated budget for its General Fund and Special Revenue Funds. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

Proprietary Funds. DeWitt Charter Township maintains two (2) proprietary funds. *Enterprise Funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The Township uses Enterprise Funds to account for its sewer system and water system activity.

Fiduciary Funds. Fiduciary Funds are used to account for resources held for the benefit of parties outside the government. Fiduciary Funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Township's own programs.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 12-26 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information, such as this MD&A and the General Fund budgetary comparison schedule. Combining statements referred to earlier in connection with nonmajor governmental funds are presented as other supplementary information.

DeWitt Charter Township

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2006

The Township as a Whole

The following table shows, in a condensed format, a comparative analysis of the net assets as of December 31, 2006 and December 31, 2005.

	Governmental Activities		Business-type Activities		Total Government	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Assets						
Current and Other Assets	\$ 4,785,075	\$ 4,273,633	\$ 7,978,872	\$ 7,010,012	\$12,763,947	\$ 11,283,645
Capital Assets	<u>9,165,664</u>	<u>9,614,471</u>	<u>12,333,620</u>	<u>12,252,796</u>	<u>21,499,284</u>	<u>21,867,267</u>
Total Assets	13,950,739	13,888,104	20,312,492	19,262,808	28,515,694	33,150,912
Liabilities						
Current Liabilities	3,072,410	2,968,173	475,068	457,891	3,547,478	3,426,064
Noncurrent Liabilities	<u>2,467,780</u>	<u>2,679,792</u>	<u>-</u>	<u>100,000</u>	<u>2,467,780</u>	<u>2,779,792</u>
Total Liabilities	5,540,190	5,647,965	475,068	557,891	6,015,258	6,205,856
Net Assets						
Invested capital assets, net of related debt	6,524,335	6,704,569	15,913,335	14,326,475	22,437,670	21,031,044
Restricted	150,675	175,299	-	-	150,675	175,299
Unrestricted	<u>1,735,539</u>	<u>1,360,271</u>	<u>3,924,089</u>	<u>4,378,442</u>	<u>5,659,628</u>	<u>5,738,713</u>
Total Net Assets	<u>\$ 8,410,549</u>	<u>\$8,240,139</u>	<u>\$19,837,424</u>	<u>\$18,704,917</u>	<u>\$28,247,973</u>	<u>\$ 26,945,056</u>

Net assets may serve over time as a useful indicator of a government's financial position. DeWitt Charter Township's assets exceeded liabilities by \$28,247,973 as of December 31, 2006. The most significant portion of the Township's net assets (79 percent) reflects its investment in capital assets (e.g., land, buildings, equipment), less any related debt used to acquire those assets that are still outstanding. The Township used these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Township's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Township's net assets (less than 1 percent) represent resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets \$5,659,628 may be used to meet the Township's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Township is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The Township's net assets increased by \$1,629,003 during the current year as indicated on the following page.

DeWitt Charter Township

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2006

	Governmental Activities		Business-type Activities		Totals	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Revenue						
Program Revenue						
Charges for Service	\$ 892,940	\$ 873,316	\$1,698,029	\$ 1,638,794	\$2,590,969	\$2,512,110
Operating Grants & Contributions	3,090	116,266	-	-	3,090	116,266
Capital Grants & Contributions	114,475	3,942,926	265,134	276,168	379,609	4,219,094
General Revenue						
Property Taxes	2,624,073	2,388,722	-	-	2,624,073	2,388,722
State Shared Revenue	912,247	929,445	-	-	912,247	929,445
Investment Earnings	180,096	95,278	92,517	90,486	272,613	185,764
SCCMUA Equity	-	-	1,194,206	392,209	1,194,206	392,209
Miscellaneous	197,144	227,570	-	-	197,144	227,570
Transfers	-	26,278	-	(26,278)	-	-
Total Revenue	4,924,065	8,599,801	3,249,886	2,371,379	8,173,951	10,971,180
Program Expenses						
General Government	1,498,584	1,320,437	-	-	1,498,584	1,320,437
Public Safety	1,740,316	1,695,632	-	-	1,740,316	1,695,632
Public Works	325,256	258,275	-	-	325,256	258,275
Community & Economic Dev.	453,827	453,483	-	-	453,827	453,483
Recreation & Culture	280,306	195,180	-	-	280,306	195,180
Sewer System	-	-	2,100,286	2,334,597	2,100,286	2,334,597
Water System	-	-	17,093	19,708	17,093	19,708
Interest on Long Term Debt	129,280	142,536	-	-	129,280	142,536
Total Program Expenses	4,427,569	4,065,543	2,117,379	2,354,305	6,544,948	6,419,848
Change in Net Assets	<u>\$ 496,496</u>	<u>\$ 4,534,258</u>	<u>\$1,132,507</u>	<u>\$ 17,074</u>	<u>\$ 1,629,003</u>	<u>\$ 4,551,332</u>

Governmental Activities

Governmental activities increased the Township's net assets by \$496,496 during fiscal year 2006. Key elements of this increase are as follows:

The Township's governmental activities' revenues totaled \$4,924,065, a reduction from the prior year governmental activities' revenue of \$3,675,736. Auditing standards require that the value of Granger Meadows Park be shown in 2005 as revenue. This one time revenue clearly skews the 2005 governmental activities revenue total. Factoring out the capital contributions revenue, the Township's other revenue sources increased approximately 5.7%. This increase was primarily related to our most significant revenue source, property taxes. In 2006, property tax revenue received by the Township increased by \$168,381.

The Township incurred governmental expenses of \$4,427,569 during 2006, an increase of approximately 9% over 2005. The majority of these expenses are associated with providing general government services and public safety, which includes fire and police services.

Business-type Activities

Business-type activities increased the Township's net assets by \$1,132,507 during fiscal year 2006. The primary reason for the significant increase in net assets is the increased equity in the Southern Clinton County Municipal Utilities Authority (SCCMUA). SCCMUA has been working to complete the construction of a digester for the past few years, and that project was completed during 2006. It is important to note that the Township funded our approximately \$2.9 million share of this project without borrowing. This is a reflection of sound fiscal planning, system growth and establishing appropriate reserves for future projects. The majority (52%) of the revenue of the business-type activities is generated through user charges. The water system only generates interest income and expenses to the water system are minimal.

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2006

The Township's Funds

Governmental Funds. The analysis of the Township's major funds begins on page 3, following the government-wide financial statements. The fund financial statements provide detailed information about the most significant funds, not DeWitt Charter Township as a whole. DeWitt Charter Township's Board of Trustees creates funds to help manage money for specific purposes. The Township's major governmental fund for the fiscal year ended December 31, 2006 was the General Fund. The General Fund pays for most of the Township's governmental services. The most significant service provided during the fiscal year was for public safety, which incurred expenditures of \$1,594,443 for the fiscal year. Public Safety services are partially supported by a police and fire millage, which is recorded in the General Fund.

Proprietary Funds. The Township's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the Sewer System and the Water System at the end of the year amounted to \$2,803,316 and \$1,120,773, respectively. Management of the Township has designated \$1,400,000 of the Sewer System Fund's net assets for improvements to the sewer system infrastructure. The increase in net assets for the Sewer System for the fiscal year was \$1,114,052. Net assets for the Water System increased by \$18,455 in 2006. Other factors concerning the finances of these two funds have already been addressed in the discussion of the Township's business-type activities.

General Fund Budgetary Highlights

Over the course of the fiscal year, the Township Board made necessary budget adjustments to fund unanticipated expenditures during the year. Budget amendment increases were made to cover unanticipated costs in the General Fund. The most significant amendments that were made increased general government budgeted expenditures by less than 4%, which was not considered material to the financial statements.

Capital Asset and Debt Administration

Capital Assets. At the end of the fiscal year, the Township had approximately \$21,499,284 invested in a broad range of governmental and business-type capital assets, including buildings, land, equipment, and utilities. In addition, the Township has made certain investments in roads and drains within DeWitt Charter Township. These assets are not reported in DeWitt Charter Township's financial statements as capital assets because under Michigan law these roads and drains are the property of the Clinton County Road and Drain Commissions, respectively.

Long-term Debt. The Township entered into an Installment Purchase Agreement for \$20,050 for purposes of financing software during 2006. The debt will be retired in December 2008. Refer to Note F on pages 22 and 23 for further details related to the Township's long-term debt.

Current Economic Factors

Revenue sharing is the most significant budgetary concern at this time. The State of Michigan is experiencing significant budget problems and as they look for solutions revenue sharing continues to be under attack. Should the statutory component of Revenue Sharing be eliminated through State budget cuts, DeWitt Charter Township would experience a significant revenue loss.

Additionally, it is expected that our tax revenue will be stagnate for at least the next couple of years. The downturn in the economy has reduced our new housing starts, investment in personal property, and the sale of homes, which uncaps the taxable value. With the current economic forecast and the State budgetary problems the revenues are certain to grow at a much slower pace than in the past.

DeWitt Charter Township

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2006

Contacting the Township's Management

This financial report is intended to provide our citizens, taxpayers, customers, and investors with a general overview of the Township's finances and demonstrate the Township's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the Township Manager or Treasurer at the Township Hall.

BASIC FINANCIAL STATEMENTS

DeWitt Charter Township

STATEMENT OF NET ASSETS

December 31, 2006

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets			
Cash and cash equivalents	\$ 1,767,433	\$ 882,515	\$ 2,649,948
Investments	495,836	507,061	1,002,897
Receivables	1,596,100	381,351	1,977,451
Due from other governmental units	154,262	-	154,262
Internal balances	74,343	(74,343)	-0-
Total current assets	4,087,974	1,696,584	5,784,558
Noncurrent assets			
Investment in SCCMUA	-	5,053,883	5,053,883
Investments	697,101	1,228,405	1,925,506
Capital assets not being depreciated	2,150,625	-	2,150,625
Capital assets, net	7,015,039	12,333,620	19,348,659
Total noncurrent assets	9,862,765	18,615,908	28,478,673
TOTAL ASSETS	13,950,739	20,312,492	34,263,231
LIABILITIES			
Current liabilities			
Accounts payable	72,110	2,802	74,912
Accrued liabilities	41,856	-	41,856
Accrued interest payable	25,102	1,083	26,185
Deferred revenue	2,600,374	371,183	2,971,557
Current portion of compensated absences	95,406	-	95,406
Current portion of long-term debt	237,562	100,000	337,562
Total current liabilities	3,072,410	475,068	3,547,478
Noncurrent liabilities			
Compensated absences	64,013	-	64,013
Noncurrent portion of long-term debt	2,403,767	-	2,403,767
Total noncurrent liabilities	2,467,780	-0-	2,467,780
TOTAL LIABILITIES	5,540,190	475,068	6,015,258
NET ASSETS			
Invested in capital assets, net of related debt	6,524,335	15,913,335	22,437,670
Restricted for			
Drug law enforcement	2,908	-	2,908
Street lighting	147,767	-	147,767
Unrestricted	1,735,539	3,924,089	5,659,628
TOTAL NET ASSETS	\$ 8,410,549	\$ 19,837,424	\$ 28,247,973

See accompanying notes to financial statements.

DeWitt Charter Township
STATEMENT OF ACTIVITIES
Year Ended December 31, 2006

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government	\$ 1,498,584	\$ 428,669	\$ -	\$ -	\$ (1,069,915)	\$ -	\$ (1,069,915)
Public safety	1,740,316	19,808	3,090	-	(1,717,418)	-	(1,717,418)
Public works	325,256	147,046	-	114,475	(63,735)	-	(63,735)
Community and economic development	453,827	280,911	-	-	(172,916)	-	(172,916)
Recreation and cultural	280,306	16,506	-	-	(263,800)	-	(263,800)
Interest on long-term debt	129,280	-	-	-	(129,280)	-	(129,280)
Total governmental activities	4,427,569	892,940	3,090	114,475	(3,417,064)	-0-	(3,417,064)
Business-type activities:							
Sewer system	2,100,286	1,698,029	-	265,134	-	(137,123)	(137,123)
Water system	17,093	-	-	-	-	(17,093)	(17,093)
Total business-type activities	2,117,379	1,698,029	-0-	265,134	-0-	(154,216)	(154,216)
Total government	<u>\$ 6,544,948</u>	<u>\$ 2,590,969</u>	<u>\$ 3,090</u>	<u>\$ 379,609</u>	<u>(3,417,064)</u>	<u>(154,216)</u>	<u>(3,571,280)</u>
General revenues:							
Property taxes					2,624,073	-	2,624,073
State shared revenues					912,247	-	912,247
Investment earnings					180,096	92,517	272,613
Equity interest in SCCMUA operations					-	1,194,206	1,194,206
Miscellaneous					197,144	-	197,144
Total general revenues					3,913,560	1,286,723	5,200,283
Change in net assets							
					496,496	1,132,507	1,629,003
Restated net assets, beginning of the year							
					7,914,053	18,704,917	26,618,970
Net assets, end of the year							
					\$ 8,410,549	\$ 19,837,424	\$ 28,247,973

See accompanying notes to financial statements.

DeWitt Charter Township

GOVERNMENTAL FUNDS BALANCE SHEET

December 31, 2006

	General	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$1,637,138	\$ 130,295	\$ 1,767,433
Investments	1,192,937	-	1,192,937
Receivables			
Accounts	168,468	-	168,468
Taxes	1,338,961	-	1,338,961
Special assessments	-	88,671	88,671
Due from other governmental units	154,262	-	154,262
Due from other funds	74,364	6,650	81,014
TOTAL ASSETS	\$4,566,130	\$ 225,616	\$ 4,791,746
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Payables			
Accounts	\$ 59,533	\$ 12,577	\$ 72,110
Accrued wages	41,856	-	41,856
Due to other funds	-	6,671	6,671
Deferred revenue	2,571,117	29,257	2,600,374
TOTAL LIABILITIES	2,672,506	48,505	2,721,011
FUND BALANCES			
Reserved for:			
Debt service	-	23,327	23,327
Unreserved			
Designated for fire equipment	81,772	-	81,772
Designated for police equipment	54,270	-	54,270
Designated for nonoperating expenditures	172,201	-	172,201
Designated for road improvements	100,000	-	100,000
Undesignated, reported in:			
General fund	1,485,381	-	1,485,381
Special revenue funds	-	153,784	153,784
TOTAL FUND BALANCES	1,893,624	177,111	2,070,735
TOTAL LIABILITIES AND FUND BALANCES	\$4,566,130	\$ 225,616	\$ 4,791,746

See accompanying notes to financial statements.

DeWitt Charter Township

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS

December 31, 2006

Total fund balance - governmental funds **\$ 2,070,735**

Amounts reported for the governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources
and therefore are not reported as assets in the governmental funds.

The cost of capital assets is	\$ 11,607,113	
Accumulated depreciation is	<u>(2,441,449)</u>	
Capital assets, net		9,165,664

Long-term liabilities are not due and payable in the current period and
therefore are not reported in the Governmental Funds Balance Sheet.
Long-term liabilities at year-end consist of:

Bonds and loans payable	2,641,329	
Accrued interest payable	25,102	
Compensated absences	<u>159,419</u>	
		<u>(2,825,850)</u>

Net assets of governmental activities **\$ 8,410,549**

See accompanying notes to financial statements.

DeWitt Charter Township

Governmental Funds

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

Year Ended December 31, 2006

	General	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES			
Taxes	\$ 2,631,627	\$ -	\$ 2,631,627
Licenses and permits	338,850	-	338,850
Intergovernmental	919,340	117,565	1,036,905
Fines and forfeits	-	1,350	1,350
Charges for services	325,089	-	325,089
Interest and rents	215,421	1,036	216,457
Other	185,716	179,643	365,359
TOTAL REVENUES	4,616,043	299,594	4,915,637
EXPENDITURES			
Current			
General government	1,323,184	-	1,323,184
Public safety	1,589,640	4,803	1,594,443
Public works	129,058	181,313	310,371
Community and economic development	453,827	-	453,827
Recreation and cultural	103,637	-	103,637
Debt service	150,922	270,632	421,554
Capital outlay	367,830	-	367,830
TOTAL EXPENDITURES	4,118,098	456,748	4,574,846
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	497,945	(157,154)	340,791
OTHER FINANCING SOURCES (USES)			
Proceeds from sale of capital assets	8,428	-	8,428
Loan proceeds	20,050	-	20,050
Transfers in	-	157,254	157,254
Transfers out	(157,254)	-	(157,254)
TOTAL OTHER FINANCING SOURCES (USES)	(128,776)	157,254	28,478
NET CHANGE IN FUND BALANCES	369,169	100	369,269
Fund balances, beginning of year	1,524,455	177,011	1,701,466
Fund balances , end of year	\$ 1,893,624	\$ 177,111	\$ 2,070,735

See accompanying notes to financial statements.

DeWitt Charter Township

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

Year Ended December 31, 2006

Net change in fund balances - total governmental funds **\$ 369,269**

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:

Capital outlay	305,477	
Depreciation	<u>(428,198)</u>	
Excess of depreciation expense over capital outlay		(122,721)

Repayment of long-term debt and borrowing of long-term debt is reported as expenditures and other financing sources in governmental funds, but the repayment reduces long-term liabilities and the borrowings increase long-term liabilities in the statement of net assets. In the current year, these amounts consist of:

Bond and loan principal retirement	288,623	
Loan proceeds	<u>(20,050)</u>	
		268,573

Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:

Decrease in accrued interest payable	3,651	
(Increase) in accrued compensated absences	<u>(22,276)</u>	
		<u>(18,625)</u>

Change in net assets of governmental activities **\$ 496,496**

See accompanying notes to financial statements.

DeWitt Charter Township

Proprietary Funds

STATEMENT OF NET ASSETS

December 31, 2006

	Sewer System	Nonmajor Enterprise Fund (Water System)	Total Proprietary Funds
ASSETS			
Current assets			
Cash and cash equivalents	\$ 306,180	\$ 576,335	\$ 882,515
Investments	149,757	357,304	507,061
Accounts receivable	379,820	1,531	381,351
Due from other funds	1,810	-	1,810
Total current assets	837,567	935,170	1,772,737
Noncurrent assets			
Investment in SCCMUA	5,053,883	-	5,053,883
Investments	976,872	251,533	1,228,405
Capital assets, net of accumulated depreciation	12,333,620	-	12,333,620
Total noncurrent assets	18,364,375	251,533	18,615,908
TOTAL ASSETS	19,201,942	1,186,703	20,388,645
LIABILITIES			
Current liabilities			
Accounts payable	2,802	-	2,802
Accrued interest payable	1,083	-	1,083
Due to other funds	10,223	65,930	76,153
Deferred revenue	371,183	-	371,183
Current portion of long-term debt	100,000	-	100,000
TOTAL LIABILITIES	485,291	65,930	551,221
NET ASSETS			
Invested in capital assets, net of related debt	15,913,335	-	15,913,335
Unrestricted	2,803,316	1,120,773	3,924,089
TOTAL NET ASSETS	\$ 18,716,651	\$ 1,120,773	\$ 19,837,424

See accompanying notes to financial statements.

DeWitt Charter Township

Proprietary Funds

STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN FUND NET ASSETS

Year Ended December 31, 2006

	Sewer System	Nonmajor Enterprise Fund (Water System)	Total Proprietary Funds
OPERATING REVENUES			
Charges for services	\$ 1,415,263	\$ -	\$ 1,415,263
Penalties	26,216	-	26,216
TOTAL OPERATING REVENUES	1,441,479	-0-	1,441,479
OPERATING EXPENSES			
Administrative charges	125,000	2,500	127,500
Legal, accounting, and engineering	8,575	-	8,575
Contractual service	1,769,348	-	1,769,348
Supplies	4,069	7	4,076
Repairs and maintenance	-	14,586	14,586
Depreciation	184,310	-	184,310
TOTAL OPERATING EXPENSES	2,091,302	17,093	2,108,395
OPERATING LOSS	(649,823)	(17,093)	(666,916)
NONOPERATING REVENUES (EXPENSES)			
Equity interest in 2006 SCCMUA operations	1,194,206	-	1,194,206
Contributions - developers	265,134	-	265,134
Permits	3,050	-	3,050
Tap in fees	253,500	-	253,500
Interest revenue	56,969	35,548	92,517
Interest expense	(8,666)	-	(8,666)
Fiscal agent fees	(318)	-	(318)
TOTAL NONOPERATING REVENUES (EXPENSES)	1,763,875	35,548	1,799,423
CHANGE IN NET ASSETS	1,114,052	18,455	1,132,507
Net assets, beginning of year	17,602,599	1,102,318	18,704,917
Net assets, end of year	\$ 18,716,651	\$ 1,120,773	\$ 19,837,424

See accompanying notes to financial statements.

DeWitt Charter Township

Proprietary Funds

STATEMENT OF CASH FLOWS

Year Ended December 31, 2006

	Sewer System	Nonmajor Enterprise Fund (Water System)	Total Proprietary Funds
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from customers	\$ 1,461,557	\$ 1,397	\$ 1,462,954
Cash paid to suppliers	(1,763,731)	(14,593)	(1,778,324)
Cash paid for administrative charges	(125,000)	(2,500)	(127,500)
NET CASH (USED) BY OPERATING ACTIVITIES	(427,174)	(15,696)	(442,870)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Permits revenue	3,050	-	3,050
Fiscal agent fees	(318)	-	(318)
Tap in fees	253,500	-	253,500
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	256,232	-0-	256,232
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Interest expense	(9,750)	-	(9,750)
Payments of borrowing	(100,000)	-	(100,000)
NET CASH (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(109,750)	-0-	(109,750)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest revenue	56,969	35,548	92,517
Purchases of investments	(181,238)	(305,323)	(486,561)
Maturities of investments	918,099	300,000	1,218,099
NET CASH PROVIDED BY INVESTING ACTIVITIES	793,830	30,225	824,055
NET INCREASE IN CASH AND CASH EQUIVALENTS DURING YEAR	513,138	14,529	527,667
Cash and cash equivalents, beginning of year	(206,958)	561,806	354,848
Cash and cash equivalents, end of year	\$ 306,180	\$ 576,335	\$ 882,515

DeWitt Charter Township

Proprietary Funds

STATEMENT OF CASH FLOWS - CONTINUED

Year Ended December 31, 2006

	Sewer System	Nonmajor Enterprise Fund (Water System)	Total Proprietary Funds
Reconciliation of operating (loss) to net cash (used) by operating activities			
Operating (loss)	\$ (649,823)	\$ (17,093)	\$ (666,916)
Adjustments to reconcile operating (loss) to net cash (used) by operating activities			
Depreciation	184,310	-	184,310
Decrease in receivables	20,078	-	20,078
(Decrease) in accounts payable	(648)	-	(648)
Increase in due to other funds	-	1,397	1,397
Increase in deferred revenue	18,909	-	18,909
NET CASH (USED) BY OPERATING ACTIVITIES	<u>\$ (427,174)</u>	<u>\$ (15,696)</u>	<u>\$ (442,870)</u>

Note: The Township adjusted its equity interest in 2006 Southern Clinton County Municipal Utilities Authority operations in the Sewer System Fund for \$1,194,206 to reflect the current activity at SCCMUA.

In 2006, the Sewer System recorded an increase in capital assets and contributions from developers, respectively, of \$265,134 as a result of construction costs related to developer projects.

See accompanying notes to financial statements.

DeWitt Charter Township

Fiduciary Funds

STATEMENT OF NET ASSETS

December 31, 2006

	Agency Funds		Total Fiduciary Funds
	Trust and Agency	Current Tax Collection	
ASSETS			
Cash and cash equivalents	\$ 434,044	\$ 1,971,503	\$ 2,405,547
LIABILITIES			
Due to other governmental units			
State	\$ -	\$ 18,335	\$ 18,335
County	-	494,206	494,206
Schools	-	1,314,602	1,314,602
Library	-	103,166	103,166
Clinton Area Transit System	-	41,194	41,194
Due to individuals and agencies	395,125	-	395,125
Undistributed taxes	38,919	-	38,919
	<u>\$ 434,044</u>	<u>\$ 1,971,503</u>	<u>\$ 2,405,547</u>

See accompanying notes to financial statements.

DeWitt Charter Township
NOTES TO FINANCIAL STATEMENTS

December 31, 2006

NOTE A: DESCRIPTION OF TOWNSHIP OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

DeWitt Charter Township, Michigan was organized as a Township under provisions of the constitution and general law of the State of Michigan. The Township is one of sixteen (16) townships in Clinton County. The Township operates under an appointed Township Superintendent and an elected Township Board which consists of a Supervisor, Clerk, Treasurer, and four (4) Trustees and provides services to its residents in many areas including general government, highways and streets, fire protection, law enforcement, and sewer utility services.

1. Reporting Entity

As required by accounting principles generally accepted in the United States of America; GASB Statement 14, *The Financial Reporting Entity* (as amended by GASB Statement 39); and *Statement on Michigan Governmental Accounting and Auditing No. 5*, these financial statements present the financial activities of DeWitt Charter Township (primary government). The Township has no activities that would be classified as component units.

The inclusion of the activities of various agencies is based on the manifestation of oversight criteria, relying on such guidelines as the selection of the governing authority, the designation of management, the ability to exert significant influence on operations, and the accountability for fiscal matters. The accountability for fiscal matters considers the possession of the budgetary authority, the responsibility for surplus or deficit, the controlling of fiscal management, and the revenue characteristics, whether a levy or a charge. Consideration is also given to the scope of public service. The scope of public service considers whether the activity is for the benefit of the reporting entity and/or its residents and is within the geographic boundaries of the reporting entity and generally available to its citizens.

Based upon the application of these criteria, the financial statements of DeWitt Charter Township contain all the funds controlled by the Township Board.

2. Joint Ventures

DeWitt Charter Township is a member of the Southern Clinton County Municipal Utilities Authority (SCCMUA). The purpose of the Authority is to operate, maintain, administer, and manage a sewage disposal system for the benefit of the constituent municipalities.

The governing body of the Authority is appointed by the constituent municipalities, and representation is based upon the purchased capacity of each municipality. DeWitt Charter Township currently is represented by five (5) of the ten (10) members of the Authority board. The annual budget of the Authority is submitted to the constituent municipalities and must be approved by a 2/3 vote of the members-elect of the Authority. A copy of SCCMUA's audit can be obtained at their administrative offices.

The members of the Authority and approximate percentage of responsibility are as follows:

DeWitt Charter Township	56%
City of DeWitt	11%
Watertown Township	16%
Bath Charter Township	17%

For the year ended December 31, 2006, DeWitt Charter Township contributed \$1,769,348 to cover its share of operational costs and reserve activities.

Additionally, an investment in SCCMUA is recorded to reflect the current carrying value at December 31, 2006, of the cumulative effect of SCCMUA operations relating to the Township equity share in the joint venture from inception-to-date. DeWitt Charter Township had recorded their portion of the initial cost of construction of the Authority facilities as capital assets in the Sewer and Water System (Enterprise) Funds, however the portion of those costs relating to the Water System has been eliminated as the Township transferred ownership of its water system to the Lansing Board of Water & Light during the fiscal year ended December 31, 2000.

NOTES TO FINANCIAL STATEMENTS

December 31, 2006

NOTE A: DESCRIPTION OF TOWNSHIP OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

2. Joint Ventures - continued

DeWitt Charter Township is a member of the DeWitt Area Recreation Authority, which is a joint venture between DeWitt Charter Township and the City of DeWitt. The Authority was established in 2003 to provide recreation services. The Authority's activities are overseen by a six (6) member board of Directors, with each municipality appointing three (3) members. Each municipality provides annual appropriations to subsidize operations. The current funding formula approved by the Authority requires DeWitt Charter Township and the City of DeWitt to provide approximately 67 and 33 percent, respectively. In 2006 the Township contributed \$60,021. A copy of the DeWitt Area Recreation Authority's audit can be obtained from DeWitt Charter Township's administrative offices.

3. Jointly Governed Organizations

The Township participates in the following activity which is considered to be a jointly governed organization in relation to the Township, due to there being no ongoing financial interest or responsibility:

Under Public Act 24 of 1989, DeWitt Charter Township, in conjunction with the City of DeWitt, created the DeWitt Public Library which is considered a District Library. In 2005, the Library began to serve a portion of Watertown Charter Township. The DeWitt Public Library board is composed of seven (7) members, three (3) of which are appointed by DeWitt Charter Township. The Township has no financial responsibility to the Library.

4. Basis of Presentation

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The statement of net assets and the statement of activities (the government-wide statements) present information for the primary government as a whole. All non-fiduciary activities of the primary government are included (i.e., fiduciary fund activities are not included in the government-wide statements). For the most part, interfund activity has been eliminated in the preparation of these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities presents the direct functional expenses of the primary government and the program revenues that support them. Direct expenses are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. Program revenues are associated with specific functions and include charges to recipients of goods or services and grants and contributions that are restricted to meeting the operational or capital requirements of that function. Revenues that are not required to be presented as program revenues are general revenues. This includes all taxes, interest, and unrestricted State revenue sharing payments and other general revenues and shows how governmental functions are either self-financing or supported by general revenues.

FUND FINANCIAL STATEMENTS

The fund financial statements present the Township's individual major funds and aggregated nonmajor funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and the major individual enterprise fund are reported as separate columns in the fund financial statements.

The major funds of the Township are:

- a. The General Fund is the Township's primary operating fund. It accounts for all financial resources of the general government except for those that are required to be accounted for in another fund.

NOTES TO FINANCIAL STATEMENTS

December 31, 2006

NOTE A: DESCRIPTION OF TOWNSHIP OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

4. Basis of Presentation - continued

FUND FINANCIAL STATEMENTS - CONTINUED

- b. The Sewer System is used to account for the operations required to provide sewer services to the general public, the costs (expenses, including depreciation) is financed or recovered primarily through user charges.

5. Measurement Focus

The government-wide, proprietary, and fiduciary financial statements are presented using the economic resources measurement focus, similar to that used by business enterprises or not-for-profit organizations. Because another measurement focus is used in the governmental fund financial statements, reconciliations to the government-wide statements are provided that explain the differences in detail.

All governmental funds are presented using the current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

There is no measurement focus for Agency Funds since assets equal liabilities.

6. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made regardless of the measurement focus applied.

All governmental and agency funds are accounted for using the modified accrual basis of accounting. Under this method, revenues are recognized when they become susceptible to accrual (when they become both "measurable" and "available to finance expenditures of the current period"). The length of time used for "available" for purposes of revenue recognition in the governmental fund financial statements is 60 days. Revenues which are considered measurable, but not available, are recorded as a receivable and deferred revenue. Revenues are generally considered available when they are received in cash (unless legally restricted to some future period) or when earned and expected to be collected soon enough after year-end to pay liabilities of the current period. Significant revenues susceptible to accrual include certain intergovernmental revenues and charges for services. Most licenses and permits, fines and forfeits, and miscellaneous revenue sources generally are recorded as revenues when received in cash because they are not measurable until actually received.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, except for interest on long-term debt which is recorded when due.

The proprietary funds are accounted for using the accrual basis of accounting. The revenues are recognized when they are earned, and the expenses are recognized when they are incurred.

Private-sector standards of accounting and financial reporting issued to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Township has elected not to follow subsequent private-sector guidance.

NOTES TO FINANCIAL STATEMENTS

December 31, 2006

NOTE A: DESCRIPTION OF TOWNSHIP OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

6. Basis of Accounting - continued

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Enterprise Funds are charges to customers for sales and services. Operating expenses for enterprise funds include the costs of sales and services, administrative expenses, and other costs of running the activity. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. If/when both restricted and unrestricted resources are available for use, it is the Township's policy to use restricted resources first, then unrestricted resources as they are needed.

7. Budgets and Budgetary Accounting

The General Fund budget shown as required supplementary information was prepared on a basis not substantially different than the basis used to reflect actual results.

The Township employs the following procedures in establishing the budgetary data reflected in the financial statements:

- a. Prior to September 1, the Township Manager submits a proposed operating budget for the fiscal year commencing the following January 1 to the Township Board. The operating budget includes proposed expenditures and the means of financing them.
- b. Public hearings are conducted at the Township Hall to obtain taxpayer comments.
- c. Prior to November 1, the budget is adopted through passage of a Board resolution. After the budget is adopted all transfers of budgeted amounts between activities or any revisions that alter the total expenditures of the fund or activity must be approved by the Township Board.
- d. Formal budgetary integration is employed as a management control device during the year.
- e. The Township does not employ encumbrance accounting as an extension of formal budgetary integration in the governmental funds. Appropriations unused at December 31 are not carried forward to the following fiscal year.
- f. Budgeted amounts are reported as originally adopted or amended by the Township Board during the year.

8. Cash, Cash Equivalents, and Investments

Cash and cash equivalents consist of checking, savings, and investment trust fund accounts. The cash and cash equivalents are recorded at cost, which approximates market value.

Investments include U.S. Government Securities and certificates of deposit with an original maturity of greater than 90 days from the date of purchase. All investments are stated at market value.

9. Receivables

Receivables consist of amounts due from various individuals and businesses related to charges for services, amounts owed to the Township from special assessment, and taxes levied that have not been collected.

DeWitt Charter Township

NOTES TO FINANCIAL STATEMENTS

December 31, 2006

NOTE A: DESCRIPTION OF TOWNSHIP OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

10. Property Tax

DeWitt Charter Township bills and collects its own property taxes and the tax levy for other governmental units. The Township's property tax revenue recognition policy and related tax calendar disclosures are as follows:

Property taxes are levied twice per year. A summer tax is levied on July 1, and a winter tax is levied on December 1. The tax levies are due September 14 and February 14, respectively. All taxes not paid by their due dates are deemed delinquent. Delinquent real property taxes are turned over to the Clinton County Treasurer on March 1 of the year following the levy. The Clinton County Treasurer remits payment to all taxing units on all delinquent real property taxes. Delinquent personal property taxes are retained by the Township for subsequent collection.

The Township's property tax is levied each December 1 on the taxable valuation of property located in the Township as of the preceding December 31. Although the Township's 2006 tax is levied and collectible on December 1, 2006, it is the Township's policy to recognize revenues from the current tax levy in the subsequent year when the proceeds of the levy are budgeted and made available for the financing of Township operations.

The Township is permitted to levy up to \$5 per \$1,000 of taxable valuation for general governmental service and additional amounts for special and debt services. For the year ended December 31, 2006, the Township levied 3.9736 mills for general governmental services, .9846 mills for police services, and .9846 mills for fire services. The total taxable value for the 2005 levy for the property within the Township was \$404,507,581.

11. Capital Assets

Capital assets include land, land improvements, buildings, equipment, vehicles, and sewer system and are recorded (net of accumulated depreciation, if applicable) in the government-wide financial statements under the governmental and business-type activities columns. Capital assets are those with an initial individual cost of \$5,000 or more and an estimated useful life of more than one year. Capital assets are not recorded in the governmental funds. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the government-wide financial statements. All purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair market value on the date received.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Depreciation is computed using the straight-line method over the following useful lives:

Land improvements	20 years
Buildings and improvements	25 - 40 years
Sewer system/lines/pump stations	75 - 100 years
Machinery and equipment	40 - 30 years
Vehicles	4 - 20 years
Office furniture and equipment	14 - 25 years

12. Accrued Interest Payable

Accrued interest is presented for long-term obligations in the government-wide financial statements.

DeWitt Charter Township
NOTES TO FINANCIAL STATEMENTS

December 31, 2006

NOTE A: DESCRIPTION OF TOWNSHIP OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

13. Deferred Revenue

Deferred revenue consists of property taxes for which there is an enforceable claim as of December 31, 2006, but which are levied to finance year 2007 operations and sewer tap-in fees the Township received for services it has not yet provided. Governmental funds report deferred revenues in connection with receivables for revenue that is not considered available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. Government-wide and proprietary financial statements report deferred revenues that are unavailable to liquidate liabilities of the current period.

14. Accrued Vacation and Sick Pay

In accordance with the Township personnel policies and/or contracts negotiated with the various employee groups of the Township, individual employees have vested rights upon termination of employment to receive payment for unused vacation and sick leave under formulas and conditions specified in the respective personnel policies and/or contracts.

Vested vacation and sick leave earned as of December 31, 2006, including related payroll taxes, is recorded entirely in the government-wide financial statements.

15. Long-Term Obligations

Long-term debt and other long-term obligations are recognized as a liability in the government-wide financial statements and proprietary fund types when incurred. The portion of those liabilities expected to be paid within the next year is a current liability with the remaining amounts shown as noncurrent.

Long-term debt is recognized as a liability of a governmental fund when due or when resources have been accumulated for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund.

16. Interfund Transactions

During the course of normal operations the Township has numerous transactions between funds, including expenditures and transfers of resources to provide services, construct assets, and service debt. The accompanying financial statements generally reflect such transactions as operating transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

The General Fund records administrative charges to various funds as revenue. All funds record these payments as operating expenditures/expenses.

17. Comparative Data

Comparative data for the prior year has not been presented in all funds in the accompanying financial statements since their inclusion would make the financial statements unduly complex and difficult to read.

NOTES TO FINANCIAL STATEMENTS

December 31, 2006

NOTE B: CASH, CASH EQUIVALENTS, AND INVESTMENTS

In accordance with Michigan Compiled Laws, the Township is authorized to invest in the following investment vehicles:

- a. Bonds, securities, and other obligations of the United States or any agency or instrumentality of the United States.
- b. Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a State or nationally chartered bank or a State or Federally chartered savings and loan association, savings bank, or credit union whose deposits are insured by an agency of the United States government and which maintains a principal office or branch office located in this State under the laws of this State or the United States, but only if the bank, savings and loan association, savings bank or credit union is eligible to be a depository of surplus funds belonging to the State under Section 6 of 1855 PA 105, MCL 21.146.
- c. Commercial paper rated at the time of purchase within the three (3) highest classifications established by not less than two (2) standard rating services and which matures not more than 270 days after the date of purchase.
- d. The United States government or federal agency obligations repurchase agreements.
- e. Bankers acceptances of United States banks.
- f. Mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

Federal Deposit Insurance Corporation (FDIC) regulations provide that deposits of governmental units are to be separately insured for the amount of \$100,000 for deposits in an insured bank for savings deposits, and \$100,000 for demand deposits. Furthermore, if specific deposits are regulated by statute or bond indenture, these specific deposits are to be separately insured for the amount of \$100,000. Michigan Compiled Laws allow for collateralization of government deposits, if the assets for pledging are acceptable to the State Treasurer under Section 3 of 1855 PA 105, MCL 21.143, to secure deposits of State surplus funds, securities issued by the federal loan mortgage corporation, federal national mortgage association or government national mortgage association.

Deposits

There is a custodial credit risk as it related to deposits. In the case of deposits, this is the risk that in the event of a bank failure, the Township's deposits may not be returned to it. As of December 31, 2006, the carrying amount of the Township's deposits was \$5,856,763 and the bank balance was \$5,280,954.

Deposits of the Township are at federally insured banks located in the State of Michigan with all accounts maintained in the name of the Township. As of December 31, 2006, the Township accounts were insured by the FDIC for \$951,143 and the amount of \$4,329,811 was uninsured and uncollateralized.

Due to significantly higher cash flow at certain periods during the year, the amount the Township held as cash and cash equivalents increased significantly. As a result, the amount of the uninsured and uncollateralized cash and cash equivalents were substantially higher at these peak periods than at year-end.

DeWitt Charter Township
NOTES TO FINANCIAL STATEMENTS

December 31, 2006

NOTE B: CASH, CASH EQUIVALENTS, AND INVESTMENTS - CONTINUED

Investments

As of December 31, 2006, the carrying amounts and market values for the investments were as follows:

<u>INVESTMENT TYPE</u>	<u>Carrying Amount</u>	<u>Weighted Average Maturity</u>	<u>Rating</u>
Insured or registered for which the securities are held by the Township's agent in the Township's name			
Federal Home Loan Mortgage Corporation	\$ 924,419	17.2 years	AAA
Federal National Mortgage Association	903,114	10.1 years	AAA
Government National Mortgage Association	97,972	18.9 years	AAA
U.S. Treasury Securities	<u>153,140</u>	N/A	AAA
	2,078,645		
Uncategorized pooled investment funds	<u>48,040</u>	N/A	N/A
	<u>\$ 2,126,685</u>		

Credit Risk

State law limits investments in certain types of investments to a prime or better rating issued by nationally recognized statistical rating organizations (NRSRO's). As of December 31, 2006, the Township investment in the Federal Home Loan Mortgage Corporation, Federal National Mortgage, Government National Mortgage Association, and U.S. Treasury Securities investments were rated AAA by Standard and Poor's.

Interest rate risk

The Township will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by designating its investment portfolio with the objective of obtaining a rate of return through the economic cycles considering risk constraints and cash flow characteristics.

Concentration of credit risk

The Township will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the Township's investment in a single issuer, by diversifying the investment portfolio by security type to ensure that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.

The cash, cash equivalents, and investments referred to above have been reported in either the cash and cash equivalents or investments captions on the financial statements, based upon criteria disclosed in Note A. The following summarizes the categorization of these amounts as of December 31, 2006:

	<u>Primary Government</u>	<u>Fiduciary</u>	<u>Total</u>
Cash and cash equivalents	\$ 2,649,948	\$ 2,405,547	5,055,495
Investments	<u>2,928,403</u>	<u>-</u>	<u>2,928,403</u>
	<u>\$ 5,578,351</u>	<u>\$ 2,405,547</u>	<u>\$ 7,983,898</u>

DeWitt Charter Township
NOTES TO FINANCIAL STATEMENTS

December 31, 2006

NOTE B: CASH, CASH EQUIVALENTS, AND INVESTMENTS - CONTINUED

The cash and cash equivalents caption on the financial statements include \$150 in petty cash and \$300 held in trust with Ingham County.

NOTE C: INTERFUND RECEIVABLES AND PAYABLES

The amount of interfund receivables and payables at December 31, 2006, are as follows:

Due to General Fund from:	
Nonmajor governmental funds	\$ 6,671
Nonmajor proprietary fund	57,470
Sewer System Fund	<u>10,223</u>
	<u>\$ 74,364</u>
Due to Sewer System Fund from:	
Nonmajor proprietary fund	<u>\$ 1,810</u>
Due to nonmajor governmental funds from:	
Nonmajor proprietary fund	<u>\$ 6,650</u>

Amounts appearing as interfund payables and receivables arise from two types of transactions. One type of transaction is where a fund will pay for a good or service that at least a portion of the benefit belongs to another fund. The second type of transaction is where one fund provides a good or service to another fund. Balances at the end of the year are for transfers that have not cleared as of the balance sheet date.

NOTE D: INTERFUND TRANSFERS

Permanent reallocation of resources between funds of the reporting entity is classified as interfund transfers.

Transfers to nonmajor governmental funds from:	
General Fund	<u>\$ 157,254</u>

NOTE E: CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2006 was as follows:

Governmental activities

	Restated Balance <u>Jan. 1, 2006</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>Dec. 31, 2006</u>
Capital assets not being depreciated				
Land	\$ 2,150,625	\$ -	\$ -	\$ 2,150,625
Capital assets being depreciated				
Land improvements	2,800,000	55,179	-	2,855,179
Buildings and improvements	4,394,812	-	-	4,394,812
Machinery and equipment	442,092	71,944	-	514,036
Vehicles	1,428,668	126,984	70,254	1,485,398
Office equipment and furniture	<u>155,693</u>	<u>51,370</u>	<u>-</u>	<u>207,063</u>
Total capital assets being depreciated	9,221,265	305,477	70,254	9,456,488

DeWitt Charter Township
NOTES TO FINANCIAL STATEMENTS
December 31, 2006

NOTE E: CAPITAL ASSETS - CONTINUED

Governmental activities - continued

	Restated Balance Jan. 1, 2006	Additions	Deletions	Balance Dec. 31, 2006
Less accumulated depreciation for:				
Land improvements	\$(58,333)	\$(142,212)	\$ -	\$(200,545)
Buildings and improvements	(1,146,167)	(110,666)	-	(1,256,833)
Machinery and equipment	(272,734)	(32,829)	-	(305,563)
Vehicles	(508,117)	(110,685)	(51,425)	(567,377)
Office equipment and furniture	(98,154)	(12,977)	-	(111,131)
Total accumulated depreciation	<u>(2,083,505)</u>	<u>(409,369)</u>	<u>(51,425)</u>	<u>(2,441,449)</u>
Net capital assets being depreciated	<u>7,137,760</u>	<u>(103,892)</u>	<u>18,829</u>	<u>7,015,039</u>
Net capital assets - governmental activities	<u>\$ 9,288,385</u>	<u>\$(103,892)</u>	<u>\$ 18,829</u>	<u>\$ 9,165,664</u>

The current year depreciation expense of \$409,369 has been adjusted by \$18,829 for the disposal of capital assets during the year, in accordance with GASB Statement No. 34 implementation guide which states that immaterial losses may be handled as an adjustment to the current year's depreciation expense.

Depreciation expense was charged to the following governmental activities:

General government	\$ 71,942
Public safety	145,873
Public works	14,885
Recreation and cultural	<u>176,669</u>
Total depreciation expense	<u>\$ 409,369</u>

Business-type activities

	Balance Jan. 1, 2006	Additions	Deletions	Balance Dec. 31, 2006
Capital assets being depreciated				
Sewer system	\$15,790,651	\$ 265,134	\$ -	\$16,055,785
Equipment	<u>74,707</u>	<u>-</u>	<u>-</u>	<u>74,707</u>
Total capital assets being depreciated	15,865,358	265,134	-0-	16,130,492
Less accumulated depreciation for:				
Sewer system	(3,537,855)	(184,310)	-	(3,722,165)
Equipment	<u>(74,707)</u>	<u>-</u>	<u>-</u>	<u>(74,707)</u>
Total accumulated depreciation	<u>(3,612,562)</u>	<u>(184,310)</u>	<u>-0-</u>	<u>(3,796,872)</u>
Net capital assets - business-type activities	<u>\$12,252,796</u>	<u>\$ 80,824</u>	<u>\$ -0-</u>	<u>\$12,333,620</u>

DeWitt Charter Township
NOTES TO FINANCIAL STATEMENTS

December 31, 2006

NOTE F: LONG-TERM DEBT

The following is a summary of changes in long-term debt (including current portion) of the Township for the year ended December 31, 2006:

	Balance Jan. 1, 2006	Additions	Deletions	Balance Dec. 31, 2006	Amount Due Within One Year
Governmental activities					
1998 General Obligation Bonds	\$ 1,755,000	\$ -	\$ 80,000	\$ 1,675,000	\$ 85,000
1991 Limited Tax General Obligation Bonds	72,902	-	72,902	-0-	-
1995 Limited Tax General Obligation Bonds	300,000	-	20,000	280,000	25,000
Installment loan payable - fire station	532,000	-	56,000	476,000	56,000
Installment loan payable - fire truck	250,000	-	59,721	190,279	61,537
Installment loan payable - software	-	20,050	-	20,050	10,025
Accrued vacation and sick pay	137,143	22,276	-	159,419	95,406
	3,047,045	42,326	288,623	2,800,748	332,968
Business-type activities					
1978 Revenue Bonds	200,000	-	100,000	100,000	100,000
	<u>\$ 3,247,045</u>	<u>\$ 42,326</u>	<u>\$ 388,623</u>	<u>\$ 2,900,748</u>	<u>\$ 432,968</u>

Significant details regarding outstanding long-term debt (including current portion) are presented below:

\$2,150,000 Unlimited General Obligation Township Facility Construction Bonds, Series 1998, dated December 1, 1998 due in annual installments ranging from \$85,000 to \$160,000 through May 1, 2020 with interest ranging from 4.375 to 4.625 percent, payable semi-annually.	\$ 1,675,000
\$450,000 Limited Tax General Obligation Clinton County Water Supply System Bonds, Series 1995, dated July 1, 1995, due in annual installments ranging from \$25,000 to \$40,000 through May 1, 2015, with interest ranging from 5.80 to 6.20 percent, payable semi-annually.	280,000
\$1,400,000 Clinton County Sanitary Sewage Treatment and Disposal System No. 7 Bonds, Series A, dated August 1, 1978, due in an annual installment of \$100,000 on May 1, 2007, with interest of 6.50 percent, payable semi-annually.	100,000
\$840,000 Installment Purchase Agreement, due in semi-annual installments ranging from \$28,746 to \$40,685 through May 1, 2015, with interest at 5.33%, payable semi-annually, for property acquisition and construction of a fire station.	476,000
\$250,000 Installment Purchase Agreement, due in semi-annual installments of \$67,325 through January 1, 2009, with interest at 3.0%, payable semi-annually, for the purchase of a fire truck.	190,279
\$20,050 Installment Purchase Agreement, due in annual installments of \$10,025 through the fiscal year ending December 31, 2008, with no interest.	20,050
	<u>\$ 2,741,329</u>

DeWitt Charter Township

NOTES TO FINANCIAL STATEMENTS

December 31, 2006

NOTE F: LONG-TERM DEBT - CONTINUED**Accrued Vacation and Sick Pay**

In accordance with the Township personnel policies and/or contracts negotiated with the various employee groups of the Township, individual employees have vested rights upon termination of employment to receive payment for unused vacation and sick leave under formulas and conditions specified in the respective personnel policies and/or contracts. The dollar amount of these vested rights, including related payroll taxes, amounted to \$159,419 for vacation and sick at December 31, 2006. The amounts of \$95,406 and \$64,013 have been reported as current and noncurrent liabilities, respectively.

The annual requirements to pay the debt principal and interest outstanding for the bonds and installment purchase agreements are as follows:

Year Ending December 31,	1998 Unlimited Tax General Obligation Bonds		Water Supply System Limited Tax General Obligation Bonds		Sewer System Revenue Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2007	\$ 85,000	\$ 73,644	\$ 25,000	\$ 16,285	\$ 100,000	\$ 3,250
2008	90,000	69,816	25,000	14,823	-	-
2009	95,000	65,769	25,000	13,335	-	-
2010	100,000	61,441	30,000	11,685	-	-
2011	105,000	56,828	30,000	9,870	-	-
2012-2016	600,000	207,082	145,000	18,428	-	-
2017-2020	600,000	56,868	-	-	-	-
	<u>\$ 1,675,000</u>	<u>\$ 591,448</u>	<u>\$ 280,000</u>	<u>\$ 84,426</u>	<u>\$ 100,000</u>	<u>\$ 3,250</u>

Year Ending December 31,	Installment Purchase Agreements		Total	
	Principal	Interest	Principal	Interest
2007	\$ 127,562	\$ 30,413	\$ 337,562	\$ 123,592
2008	129,434	25,556	244,434	110,195
2009	121,333	20,648	241,333	99,752
2010	56,000	15,670	186,000	88,796
2011	56,000	12,685	191,000	79,383
2011-2015	196,000	20,894	941,000	246,404
2016-2020	-	-	600,000	56,868
	<u>\$ 686,329</u>	<u>\$ 125,866</u>	<u>\$ 2,741,329</u>	<u>\$ 804,990</u>

During the year ended December 31, 2000, the Township entered into an agreement with the Lansing Board of Water & Light (BWL) transferring ownership of the Water System to the BWL. In return, the BWL has agreed to transfer funds to the Township sufficient to pay the General Obligation Bond liability related to the Water System as it becomes due. Because the Water System debt is no longer intended to be repaid with usage fees generated by the system, the Water Supply System Limited Tax General Obligation Bonds were transferred from the Water System Fund and are recorded on the Statement of Net Assets and a Debt Service Fund has been established to account for future debt payments.

DeWitt Charter Township
NOTES TO FINANCIAL STATEMENTS

December 31, 2006

NOTE G: RETIREMENT PLAN

TOWNSHIP GENERAL

DeWitt Charter Township is the sponsor of a defined contribution retirement plan for the sole benefit of its employees excluding the supervisory and nonsupervisory police personnel for the Township. The DeWitt Charter Township Pension Plan is a money purchase defined contribution pension benefit plan. Contributions are based on a preestablished wage-based contribution schedule with the Township contributing 100% of the amount. Employees may elect to contribute additional amounts ranging from 1 to 10 percent of their compensation. During the year ended December 31, 2006, DeWitt Charter Township made contributions for all eligible participating employees equal to 10% of their base compensation. To be eligible to participate, an employee must be full-time, eighteen (18) years of age, and have completed six (6) months of services. Elected officials are not required to fulfill the service requirements. The eligibility computation period is the six (6) month period that begins with the date hired.

All eligible employees participate in the plan. The contributions fund the premiums for ordinary life insurance tax deferred annuities and various pooled investment funds with the John Hancock Life Insurance Company.

For the year ended December 31, 2006, the DeWitt Charter Township had a total payroll excluding the supervisory and nonsupervisory police employees of \$1,275,878. The DeWitt Charter Township Defined Contribution Retirement Plan had a covered payroll of \$1,275,050. DeWitt Charter Township made employer contributions to the retirement plan in the amount of \$127,505.

POLICE

Plan Description

The Township also participates in the Michigan Municipal Employees Retirement System, an agent multiple-employer defined benefit pension plan that covers all supervisory and nonsupervisory Police employees of the Township. The system provides retirement, disability, and death benefits to plan members and their beneficiaries.

The Michigan Municipal Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to the System at 1134 Municipal Way, Lansing, MI 48917.

Funding Policy

The obligation to contribute to and maintain the system for these employees was established by negotiation with the Township's collective bargaining units and requires no contribution from the employees. The Township is required to provide amounts necessary to fund the system.

Annual Pension Cost

For year ended December 31, 2006, the Township's annual pension cost of \$75,295 for the plan was equal to the Township's required and actual contribution. The estimated annual required contribution was determined as part of an actuarial valuation as of December 31, 2004, using the entry age normal actuarial method. Actual required contributions were based on actual reported monthly payroll. Significant actuarial assumptions used include (a) a rate of return on the investment of present and future assets of 8.0% per year compounded annually, (b) projected salary increases of 4.5% per year compounded annually, attributable to inflation, (c) additional projected salary increases ranging from 0.0% to 8.40% per year, depending on age, attributable to seniority/merit and promotional salary increases and the assumption that benefits will increase 2.5% annually for persons under Benefit E-1 or E-2. The actuarial value of assets was determined using techniques that smooth the effects of short term volatility over a four (4) year period. The unfunded actuarial liability is being amortized as a level percentage of payroll on a closed basis over a period of 30 years.

DeWitt Charter Township
NOTES TO FINANCIAL STATEMENTS
December 31, 2006

NOTE G: RETIREMENT PLAN - CONTINUED

Three (3) year trend information

	Year Ended December 31,		
	<u>2003</u>	<u>2004</u>	<u>2005</u>
Actuarial value of assets	\$ 1,102,683	\$ 1,269,436	\$ 1,426,231
Actuarial Accrued Liability (entry age)	1,415,194	1,540,965	2,039,324
Unfunded AAL	312,511	271,529	613,093
Funded ratio	78 %	82 %	70 %
Covered payroll	713,341	667,349	650,634
UAAL as a percentage of covered payroll	44 %	41 %	94 %

	Year Ended December 31,		
	<u>2004</u>	<u>2005</u>	<u>2006</u>
Annual pension cost	\$ 65,182	\$ 76,221	\$ 75,295
Percentage of APC contributed	100 %	100 %	100 %
Net pension obligation	-	-	-

This trend information was obtained from the most recently issued actuarial reports.

NOTE H: RISK MANAGEMENT

The Township participates in a pool, the Michigan Municipal League Workers' Compensation Fund, with other municipalities for workers' compensation losses. The pool is organized under Public Act 317 of 1969, as amended. In the event the pool's claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessment to make up the deficiency. The Township has not been informed of any special assessments being required.

The Township also participates in a State pool, the Michigan Municipal Risk Management Authority, with other municipalities for property and casualty losses. The pool is organized under Public Act 138 of 1982, as amended. The Township has no liability for additional assessments based on the claims filed against the pool nor do they have any right to dividends.

NOTE I: FUND EQUITY RESERVES AND DESIGNATIONS

Reserved fund balances are used to earmark a portion of fund equity to indicate that it is not appropriate for expenditures or has been legally segregated for a specific future use. Designated fund balance and fund net assets indicate that portion of the fund equity which the Township has set aside for specific purposes.

The following are the various fund balance reserves as of December 31, 2006:

Debt Service Funds	
1998 G.O. Bonds	
Reserved for debt service	\$ 1,745
Water System Bonds	
Reserved for debt service	6,650
Remy Chandler Drain	
Reserved for debt service	<u>14,932</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 23,327</u>

DeWitt Charter Township
NOTES TO FINANCIAL STATEMENTS
December 31, 2006

NOTE I: FUND EQUITY RESERVES AND DESIGNATIONS - CONTINUED

The following are fund balance designations as of December 31, 2006:

General Fund	
Designated for fire equipment	\$ 81,772
Designated for police equipment	54,270
Designated for road improvements	100,000
Designated for nonoperating expenditures	<u>172,201</u>
	<u>\$ 408,243</u>

The following is a net assets designation as of December 31, 2006:

Enterprise Funds	
Sewer System	
Designated for sewer improvements	<u>\$ 1,400,000</u>

NOTE J: RESTRICTED NET ASSETS

Restrictions of net assets shown in the Government-wide financial statements indicate that restrictions imposed by the funding source or some other outside source which precludes their use for unrestricted purposes. The following are the various net asset restrictions as of December 31, 2006:

Governmental activities	
Drug law enforcement	\$ 2,908
Street lighting	<u>147,767</u>
	<u>\$ 150,675</u>

NOTE K: RESTATEMENT OF NET ASSETS

The following restatement of net assets was made during the year, and was the result of a correction of an accounting error. This adjustment was reported as a change to beginning net assets. The effect on operations and other affected balances for the current and prior year are as follows:

	December 31,		
	<u>2006</u>	<u>2005</u>	<u>Description</u>
Governmental activities			
Capital assets, net	\$ -	\$(326,086)	To correct overstated
Change in net assets	-	(326,086)	capital assets
Net assets - beginning	(326,086)	-	

REQUIRED SUPPLEMENTARY INFORMATION

DeWitt Charter Township

General Fund

BUDGETARY COMPARISON SCHEDULE

Year Ended December 31, 2006

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Taxes				
Current property taxes				
General	\$ 1,607,000	\$ 1,607,000	\$ 1,605,415	\$ (1,585)
Police	398,000	398,000	397,777	(223)
Fire	398,000	398,000	397,777	(223)
Other	120,000	120,000	172,201	52,201
Delinquent property taxes	10,000	10,000	13,365	3,365
Tax collection fees	38,000	38,000	36,202	(1,798)
Trailer taxes	6,000	6,000	8,890	2,890
Total taxes	2,577,000	2,577,000	2,631,627	54,627
Licenses and permits				
Building and zoning permits	277,500	277,500	199,003	(78,497)
Franchise fees	135,000	135,000	139,847	4,847
Total licenses and permits	412,500	412,500	338,850	(73,650)
Intergovernmental				
State shared revenue	930,000	930,000	912,247	(17,753)
Liquor licenses	6,500	6,500	7,093	593
Total intergovernmental	936,500	936,500	919,340	(17,160)
Charges for services				
Administration charges	132,625	132,625	127,500	(5,125)
Court fees	55,000	55,000	61,240	6,240
Inspection fees	141,000	141,000	79,806	(61,194)
Building registration fees	2,500	2,500	2,102	(398)
Park fees and programs	20,000	20,000	16,506	(3,494)
Cemetery lots and grave openings	16,000	16,000	25,220	9,220
Fire runs and protection	4,000	4,000	8,504	4,504
Police fees - OUIL recovery	5,000	5,000	3,649	(1,351)
Alarm ordinance revenue	-	-	562	562
Total charges for services	376,125	376,125	325,089	(51,036)
Interest and rents				
Interest - regular	70,000	70,000	136,447	66,447
Interest - tax collections	4,000	4,000	42,614	38,614
Rental fees	36,400	36,400	36,360	(40)
Total interest and rents	110,400	110,400	215,421	105,021

DeWitt Charter Township

General Fund

BUDGETARY COMPARISON SCHEDULE - CONTINUED

Year Ended December 31, 2006

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES - CONTINUED				
Other				
Reimbursements	\$ 132,500	\$ 132,500	\$ 180,127	\$ 47,627
Other sales	8,000	8,000	5,589	(2,411)
Total other	140,500	140,500	185,716	45,216
TOTAL REVENUES	4,553,025	4,553,025	4,616,043	63,018
EXPENDITURES				
General government				
Township board	29,900	35,300	32,095	3,205
Supervisor	18,970	22,620	20,587	2,033
Township manager	182,760	201,910	196,602	5,308
Elections	21,590	27,590	25,470	2,120
Assessor	164,564	164,564	156,710	7,854
Clerk	121,401	134,151	129,743	4,408
Board of Review	1,300	1,300	1,098	202
Treasurer	137,890	145,690	131,205	14,485
Building and grounds	301,400	301,400	286,437	14,963
Community center	29,300	29,300	22,678	6,622
Township hall	278,190	280,890	254,078	26,812
Other	193,200	193,200	66,481	126,719
Total general government	1,480,465	1,537,915	1,323,184	214,731
Public safety				
Police department	1,380,000	1,380,000	1,230,445	149,555
Fire department	397,716	397,716	359,195	38,521
Total public safety	1,777,716	1,777,716	1,589,640	188,076
Public works				
Drains	8,800	75,550	73,588	1,962
Highways and streets	138,000	138,000	55,470	82,530
Total public works	146,800	213,550	129,058	84,492
Community and economic development				
Building and zoning	267,590	267,590	251,281	16,309
Planning department	224,477	224,477	202,546	21,931
Total community and economic development	492,067	492,067	453,827	38,240

DeWitt Charter Township

General Fund

BUDGETARY COMPARISON SCHEDULE - CONTINUED

Year Ended December 31, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES - CONTINUED				
Recreation and cultural				
Parks and recreation	\$ 108,400	\$ 108,400	\$ 103,637	\$ 4,763
Debt service	150,934	150,934	150,922	12
Capital outlay	487,560	578,420	367,830	210,590
TOTAL EXPENDITURES	4,643,942	4,859,002	4,118,098	740,904
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(90,917)	(305,977)	497,945	803,922
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	5,000	5,000	8,428	3,428
Loan proceeds	-	-	20,050	20,050
Transfers out	(157,555)	(157,555)	(157,254)	301
TOTAL OTHER FINANCING SOURCES (USES)	(152,555)	(152,555)	(128,776)	23,779
NET CHANGE IN FUND BALANCES	(243,472)	(458,532)	369,169	827,701
Fund balance, beginning of year	1,524,455	1,524,455	1,524,455	-0-
Fund balance, end of year	\$ 1,280,983	\$ 1,065,923	\$ 1,893,624	\$ 827,701

OTHER SUPPLEMENTARY INFORMATION



DeWitt Charter Township
Nonmajor Governmental Funds
COMBINING BALANCE SHEET
December 31, 2006

	Special Revenue		
	Police Training	Street Lighting	Drug Forfeiture
ASSETS			
Cash and cash equivalents	\$ 3,109	\$ 92,063	\$ 2,908
Special assessments receivable	-	74,952	-
Due from other funds	-	-	-
TOTAL ASSETS	\$ 3,109	\$ 167,015	\$ 2,908
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ -	\$ 12,577	\$ -
Due to other funds	-	6,671	-
Deferred revenue	-	-	-
TOTAL LIABILITIES	-0-	19,248	-0-
FUND BALANCES			
Reserved for debt service	-	-	-
Unreserved			
Undesignated reported in:			
Special revenue funds	3,109	147,767	2,908
TOTAL FUND BALANCES	3,109	147,767	2,908
TOTAL LIABILITIES AND FUND BALANCES	\$ 3,109	\$ 167,015	\$ 2,908

Debt Service			Total Nonmajor Governmental Funds
Remy Chandler	1998 G.O. Bonds	Water System Bonds	
\$ 30,470	\$ 1,745	\$ -	\$ 130,295
13,719	-	-	88,671
-	-	6,650	6,650
<u>\$ 44,189</u>	<u>\$ 1,745</u>	<u>\$ 6,650</u>	<u>\$ 225,616</u>
\$ -	\$ -	\$ -	\$ 12,577
-	-	-	6,671
<u>29,257</u>	<u>-</u>	<u>-</u>	<u>29,257</u>
29,257	-0-	-0-	48,505
14,932	1,745	6,650	23,327
-	-	-	153,784
<u>14,932</u>	<u>1,745</u>	<u>6,650</u>	<u>177,111</u>
<u>\$ 44,189</u>	<u>\$ 1,745</u>	<u>\$ 6,650</u>	<u>\$ 225,616</u>

DeWitt Charter Township

Nonmajor Governmental Funds

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES

Year Ended December 31, 2006

	Special Revenue		
	Police Training	Street Lighting	Drug Forfeiture
REVENUES			
Intergovernmental	\$ 3,090	\$ -	\$ -
Fines and forfeits	-	-	1,350
Interest	2	839	-
Other			
Special assessments	-	147,046	-
Other	-	-	-
TOTAL REVENUES	3,092	147,885	1,350
EXPENDITURES			
Current			
Public safety	1,695	-	3,108
Public works	-	150,078	-
Debt service	-	-	-
TOTAL EXPENDITURES	1,695	150,078	3,108
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	1,397	(2,193)	(1,758)
OTHER FINANCING SOURCES			
Transfers in	-	-	-
NET CHANGE IN FUND BALANCES	1,397	(2,193)	(1,758)
Fund balances, beginning of year	1,712	149,960	4,666
Fund balances, end of year	<u>\$ 3,109</u>	<u>\$ 147,767</u>	<u>\$ 2,908</u>

Debt Service			Total Nonmajor Governmental Funds
Remy Chandler	1998 G.O. Bonds	Water System Bonds	
\$ -	\$ -	\$ 114,475	\$ 117,565
-	-	-	1,350
24	171	-	1,036
30,950	-	-	177,996
1,647	-	-	1,647
32,621	171	114,475	299,594
-	-	-	4,803
31,235	-	-	181,313
-	157,554	113,078	270,632
31,235	157,554	113,078	456,748
1,386	(157,383)	1,397	(157,154)
-	157,254	-	157,254
1,386	(129)	1,397	100
13,546	1,874	5,253	177,011
<u>\$ 14,932</u>	<u>\$ 1,745</u>	<u>\$ 6,650</u>	<u>\$ 177,111</u>

DeWitt Charter Township

General Fund

SCHEDULE OF REVENUES AND EXPENDITURES - CONSTRUCTION CODE

Year Ended December 31, 2006

REVENUES

Licenses and permits	
Building and zoning permits	\$ 199,003
Charges for services	
Inspection fees	79,806
Building registration fees	<u>2,102</u>
Total construction code revenues	280,911

EXPENDITURES

Community and economic development	
Building and zoning	251,281
Planning Department	<u>202,546</u>
Total construction code expenditures	<u>453,827</u>
Current year excess of revenues (under) expenditures	(172,916)
Prior years' excess of revenues (under) expenditures	<u>(436,296)</u>
Cumulative excess of revenues (under) expenditures	<u>\$ (609,212)</u>

Principals

Dale J. Abraham, CPA
Michael T. Gaffney, CPA
Steven R. Kirinovic, CPA
Aaron M. Stevens, CPA
Eric J. Glashouwer, CPA



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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS**

To the Board of Trustees
DeWitt Charter Township
DeWitt, Michigan

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of DeWitt Charter Township, Michigan as of and for the year ended December 31, 2006, which collectively comprise the Township's basic financial statements, and have issued our report thereon dated May 11, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered DeWitt Charter Township's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with accounting principles generally accepted in the United States of America such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal controls. We identified the following control deficiencies that we consider be significant deficiencies in internal control over financial reporting:

BANK RECONCILIATIONS

During the course of our audit, and through discussions with management, it was noted that bank reconciliations were not preformed in a timely manner throughout the year. Reconciling the Township's general ledger cash accounts to the bank statements will assist in potential fraud or error detection, verify the Township's monthly cash balances, and provide members of the Board accurate financial information to make informed decisions.

The year ended December 31, 2006, brought several changes to the systems, processes, and financial reporting of the Township. The major financial accountability initiatives that were undertaken by the Township included the transition from maintaining at least one separate savings and one separate checking account for each fund of the Township to utilizing a pooled bank account for multiple funds. At approximately the same time the pooled account was established, the Township implemented new accounting software. Both of the major initiatives have ultimately improved the financial reporting and accountability of the Township, yet required considerable time and effort to implement.

Due to the time and effort expended on the pooling of the bank accounts and implementation of the new accounting software, the bank reconciliations were not always completed within thirty days of receiving the bank statements. While we understand the reasons for the delays in reconciling the Township's bank accounts, we recommend the Township ensure that bank reconciliations are consistently completed in a timely manner. Management believes that the improvements in the financial reporting systems and processes will result in more efficient and timely preparation of the bank reconciliations in the future.

DETERMINATION OF ACCOUNTS RECEIVABLE

During the course of our audit, we have annually performed a search for unrecorded receivable amounts (i.e., amounts due to the Township as of December 31, but not received until January or February). As a result of that search, journal entries were suggested to the Township's management for entry into the general ledger. In many instances, the suggested receivable amounts would be considered material to the Township's financial statements.

It has historically been common for many small to medium-sized governments to rely on the independent auditors to assist in the preparation of the government-wide and fund financial statements, as well as the related notes to the financial statements, as part of its external financial reporting process. Part of that external financial reporting process is determining the amounts due to the entity as of year-end (i.e., accounts receivable). As a result, a government's ability to prepare financial statements in accordance with generally accepted accounting principles has typically been based, in part, on its reliance on the independent auditors. By definition, independent auditors cannot be part of the government's internal controls.

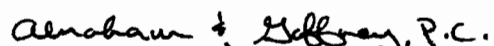
Responsibility for the fair presentation of the Township's financial statements, including the amounts and disclosure within the financial statements, rests with the Township's management. The Township should establish sufficient internal controls to assure that the financial statements are fairly presented, in all material respects, in accordance with generally accepted accounting principles.

We recommend the Township make determinations of accounts receivable amounts by fund as part of their year-end closing procedures. Documentation supporting the receivable amounts recorded in the general ledger should be retained for audit purposes.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Township's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

This report is intended solely for the information and use of management and Members of the Board of Trustees of DeWitt Charter Township, others within the organization, and applicable departments of the State of Michigan and is not intended to be and should not be used by anyone other than these specified parties.



ABRAHAM & GAFFNEY, P.C.
Certified Public Accountants

May 11, 2007